

# EXHIBIT 39

## PG&E exits bankruptcy as Newsom approves corporate overhaul option

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### **Body**

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PG&E Corp. exited bankruptcy on Wednesday, one day after Gov. Gavin Newsom authorized a new law paving the way for the state to radically restructure the company if it fails to rehabilitate itself.

The company said it has emerged from Chapter 11 bankruptcy protection after implementing the financial restructuring plan that was previously approved in court and by state regulators. As part of that process, PG&E has provided about \$5.4 billion in initial funds to pay wildfire victims.

PG&E's restructuring plan creates a trust to compensate fire victims that is supposed to be worth an estimated \$13.5 billion. But the actual value that the trust will reach is still not clear because half of the price tag is coming through PG&E shares that the trust will sell off over time.

PG&E said it has also seated its post-bankruptcy board of directors that consists of 14 members, 11 of whom are new. And the company has funded \$12 billion in settlements over the wildfire claims of insurers and local governments.

In a statement, interim CEO Bill Smith said he was glad to start funding the victims' trust to quickly pay people who survived recent PG&E-caused fires.

"This is an important milestone, but our work is far from over," he said. "Our emergence from Chapter 11 marks just the beginning of PG&E's next era — as a fundamentally improved company and the safe, reliable utility that our customers, communities and California deserve."

PG&E's bankruptcy exit came after Newsom on Tuesday signed SB350, a bill through which the state could someday transform investor-owned PG&E into a nonprofit public benefit corporation named Golden State Energy.

Sponsored by state Sen. Jerry Hill, D-San Mateo, SB350 is intended to provide the state with assurances about what will happen if PG&E's Chapter 11 restructuring does not prevent the company from starting more fires like those that led to its bankruptcy. The state Senate approved the bill on Monday, about two weeks after it cleared the Assembly.

The corporate overhaul enabled by SB350 would occur if state regulators decide to revoke PG&E's operating license — a drastic step they will consider taking if the company continues to cause major disasters.

"No more business as usual for PG&E," Newsom said in a statement. "As we head into wildfire season amid a pandemic, Californians need to have confidence that their utility is focused on customer safety — preventing wildfire sparks and making critical safety upgrades. SB 350 marks a critical step in the transformation of PG&E into a utility that is accountable to those it serves — the people of California."

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PG&E stressed that it had worked closely with state officials on its bankruptcy restructuring plan and won support from the governor several months ago.

"We intend to meet our safety and operational commitments to California and our customers and ultimately render this legislation unnecessary," said company spokeswoman Lynsey Paulo.

PG&E entered bankruptcy protection in January 2019 because its power lines had caused a series of huge and devastating wildfires that collectively killed more than 100 people and incinerated more than 20,000 buildings in Northern California.

The victims' trust is designed to resolve the claims of people and businesses harmed by those fires, which occurred in 2015, 2017 and 2018. But the money will not all arrive at once.

PG&E is initially providing about \$5.4 billion in cash to start the fire victims' trust. The company is also granting a projected \$6.75 billion in company stock to the trust and will pay more cash later. However, the actual value of the stock portion — a major source of contention during the bankruptcy — may eventually be worth more or less than the projected amount.

The company is giving the victims' trust nearly 477 million shares, which on Wednesday were worth about \$4.3 billion based on PG&E's closing price of \$9.03 per share. While that is far less than the \$6.75 billion projection, the trust cannot yet cash out any of the stock it holds. First, the shares are subject to a 90-day "lockup period," after which the trust is expected to gradually sell off its holdings in order to maximize the amount of money available to fire victims.

"The ultimate value of the stock component ... therefore, is not known at this time and could exceed \$6.75 billion," Paulo said.

Still, the gap between the stock's current value and its intended value was disappointing to fire victims who have long been concerned about that part of the deal to pay their claims.

"This is what we all feared would happen," said Helen Sedwick, who lost her Sonoma County home in the 2017 Nuns Fire. "Our prediction proved to be accurate, and it means that fire victims are shortchanged ... we have so far to go to get to what we were promised."

Gerald Singleton, an attorney for fire victims who has been involved in the PG&E bankruptcy, said the trust likely won't need to sell any shares until early next year. Singleton, who sits on an oversight committee for the victims' trust, said he wasn't surprised to see where PG&E's stock stood as of Wednesday.

"We hope that it's going to go up — that's what everybody's anticipating — but time will tell," he said.

The trust should start paying the first fire victims in October, according to Singleton.

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